

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:

02-04

2. STATE

Oregon

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID) Medical Assistance

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MAR 29 2002

4. PROPOSED EFFECTIVE DATE
May 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

1902(a)(30)(A)

7. FEDERAL BUDGET IMPACT:

a. FFY 01-03

\$ 1,676,696

b. FFY 03-05

\$ 2,874,336

P&I
P&I

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pages 3 and 3-a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, pages 3 and 3-a

10. SUBJECT OF AMENDMENT:

This transmittal is being submitted to decrease the Oregon maximum allowable cost (OMAC) from 13% to 14%.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Per Attachment 7.3A

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Hersh Crawford *Bobby Mink*

13. TYPED NAME: Hersh Crawford

Bobby Mink

14. TITLE: Administrator, OMAP

Director, DHS

15. DATE SUBMITTED:

3-27-02

16. RETURN TO:

Office of Medical Assistance Programs
Department of Human Services
500 Summer Street NE, 3rd Floor, E35
Salem, OR 97301

ATTN: Carole Van Eck

17. DATE RECEIVED: MAR 29 2002

18. DATE APPROVED: JUL 22 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Burner Butterfield

22. TITLE:

ASSOCIATE REGIONAL
DIVISION OF HEALTH CARE FINANCING
ADMINISTRATION

23. REMARKS:

Per letter dated June 17, 2002 P&I authorized to adjust
Box 7 to reflect cost savings.
of HCFA 179

Prescribed Drugs

A. General

- (1) The Department of Human Services (DHS) will pay the lesser of the provider's usual charge to the general public for a drug or the estimated acquisition cost (EAC) plus a dispensing fee. DHS determines the EAC to be the lesser of: Oregon maximum allowable cost (as defined in B.2.), the federally established maximum allowable cost or the average wholesale price minus 14%. DHS determines usual charge to be the lesser of the following unless prohibited from billing by federal statute or regulation:
 - a. The provider's charge per unit of service for the majority of non-Medical Assistance users of the same service based on the preceding month's charges;
 - b. The provider's lowest charge per unit of service on the same date that is advertised, quoted or posted. The lesser of these applies regardless of the payment source or means of payment;
 - c. Where the provider has established a written sliding fee scale based upon income for individuals and families with income equal to or less than 200% of the federal poverty level, the fees paid by these individuals and families are not considered in determining the usual charge. Any amounts charged to third party resources are to be considered.
- (2) The DHS requires prior authorization of payment for selected therapeutic classes of drugs. These drug classes are listed in the Oregon Administrative Rules in the Oregon Pharmaceutical Services Guide. Exception to the prior authorization requirement may be made in medical emergencies.
- (3) The DHS will reimburse providers only for drugs supplied from pharmaceutical manufacturers or labelers who have signed an agreement with CMS or who have a CMS approved agreement to provide drug price rebates to the Oregon Medicaid program.

B. Payment Limits for Multiple Source Drugs

- (1) The DHS has established the payment amount for multiple source (generic) drugs as the lesser of the Oregon maximum allowable cost, CMS upper limits for drug payment, average wholesale price minus 14%, plus a dispensing fee or the usual charge to the general public

- (2) The Oregon Maximum Allowable Cost (OMAC) is determined on selected multiple-source drugs designated as bioequivalent by the Food and Drug Administration. The upper limit of payment for a selected multiple source drug is set at a level where one bioequivalent drug product is available from at least two wholesalers serving the State of Oregon. When the OMAC is based upon AWP it will be set at 14% below AWP. The upper limit of is payment established by the OMAC listing does not apply if a prescriber certifies that a single-source (brand) drug is medically necessary.
- (3) The average wholesale price is determined using information furnished by the DHS's drug price data base contractor.
- (4) Payment for multiple-source drugs for which CMS has established upper limits will not exceed, in the aggregate, the set upper limits plus a dispensing fee.
- (5) No payment shall be made for an innovator multiple source drug having a federal upper limit for payment if under applicable Oregon State law a less expensive non-innovator multiple source drug could have been dispensed.

C. Payment Limits for Single-Source Drugs

- (1) The DHS will pay the EAC plus a dispensing fee or the usual charge to the general public, whichever is lower, for single-source drugs. The DHS defines EAC for single-source drugs as the average wholesale price minus 14%.
- (2) The usual charge to the general public is established as indicated in A.(1).
- (3) The average wholesale price is determined from price information furnished by the DHS's drug price data base contractor.
- (4) Payments for single-source drugs shall not exceed, in the aggregate, the lesser of the estimated acquisition cost plus a reasonable dispensing fee or the provider's usual charge to the general public.

TN #02-04

SUPERSEDES TN# 01-12

DATE APPROVED:

EFFECTIVE DATE: May 1, 2002